

U.S. Air Force Contracting

***Turning Dollars & Desires into Dominant
Aerospace Power!***

**Performance Based Services Acquisitions
Partnering Achieves Success**



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**SAF/AQC
Col Jeffrey Parsons
28 Aug 2001**



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What is PBSA?

- **Service requirements described in measurable, mission-related results rather than directing prescribed methods (what versus how)**
- **Performance standards (thresholds) tied to performance requirements/objectives (outcomes)**
- **Procedures to address performance (outcomes) not meeting standards (thresholds) (reduction in fees or price)**
- **Quality Assurance - insight versus oversight**
- **Incentives used where appropriate**

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Why PBSA?

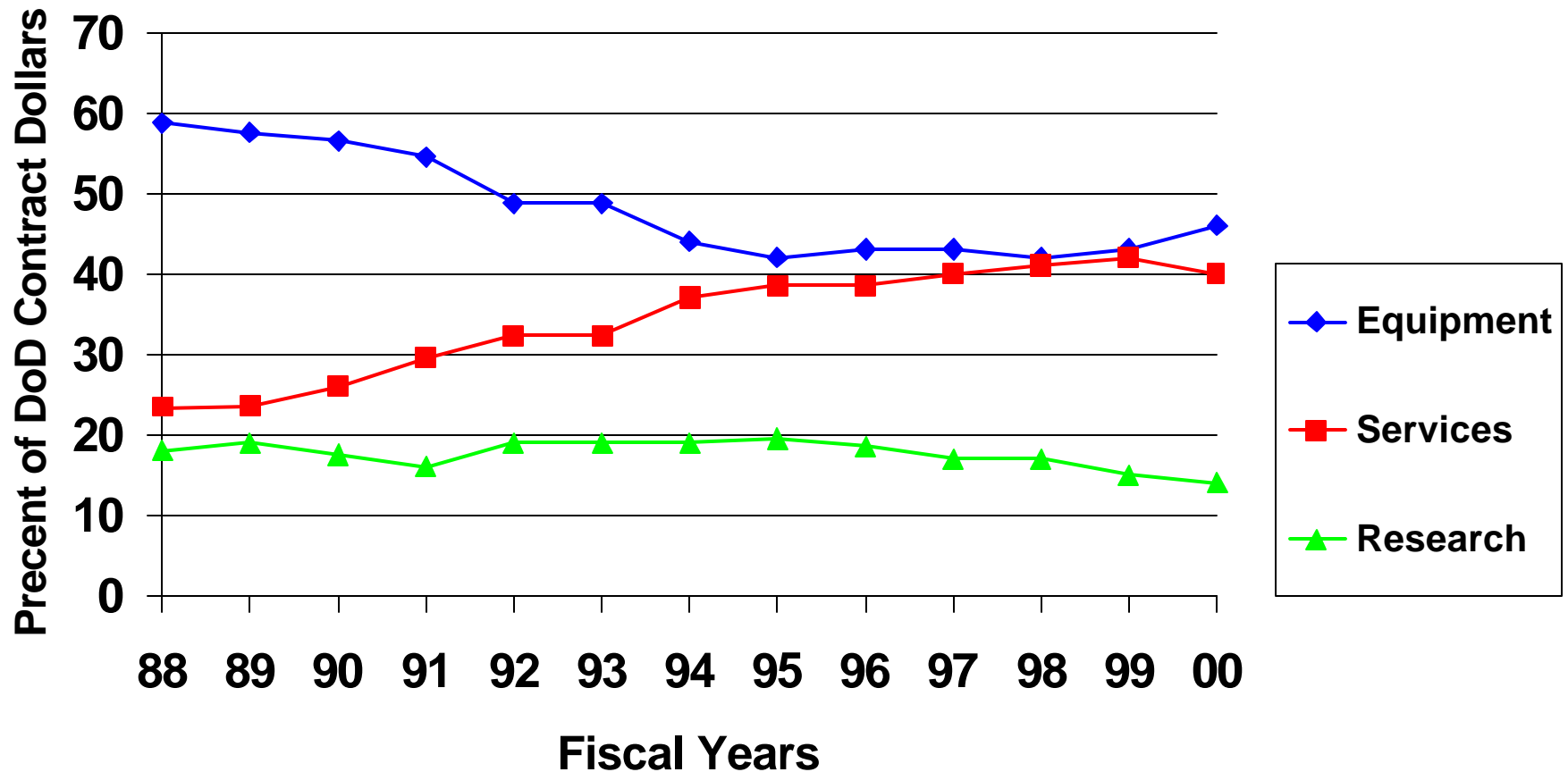
- From 1992 to 1999 DoD procurement of services increased from \$40B to \$52B
 - DoD: FY 98 and FY99, dollars spent on services equaled amount spent on supplies/systems
 - AF: FY 99 services contracts totaled \$18B or 52% of all AF acquisitions; FY 00 = \$18.2B (47%)
- Service acquisitions increasing in frequency and complexity
- Increased scrutiny and emphasis from Congress and OSD

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Distribution of DoD Prime Contracts



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Federal Procurement Data PBSA Services Codes

- **B - Special Studies and Analysis - not R&D**
- **D - Automatic Data Processing and Telecommunication Services**
- **J - Maintenance, Repair, and Rebuilding of Equipment**
- **K - Modification of Equipment**
- **L - Technical Representative Services**
- **M - Operation of Government-Owned Facility**
- **N - Installation Equipment**



Federal Procurement Data PBSA Services Codes con't

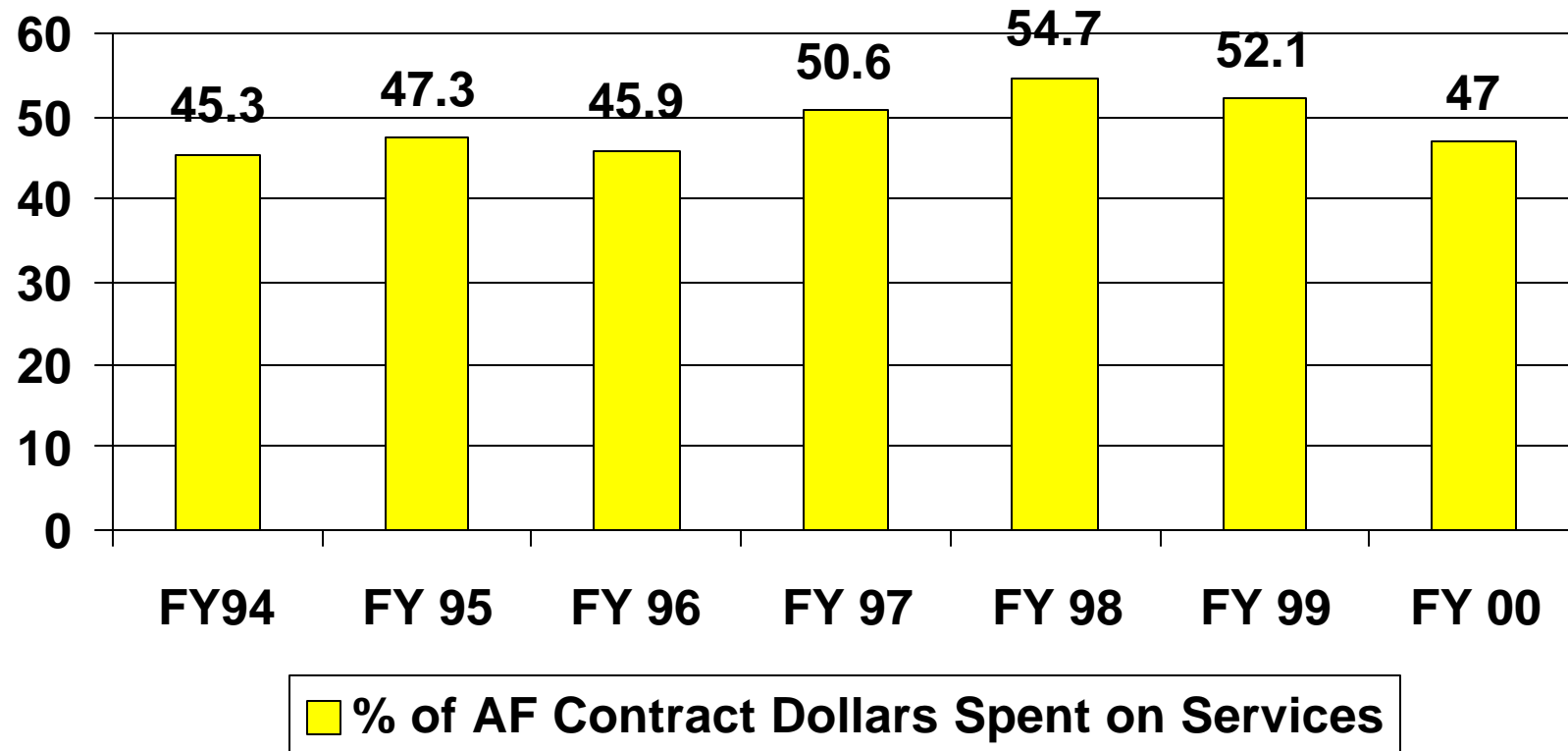
- **P - Salvage Services**
- **Q - Medical Services**
- **R - Professional, Administrative and Management Support Services**
- **S - Housekeeping Services**
- **T - Photographic, Mapping, Printing, and Publication Services**
- **U - Education and Training Services**
- **V - Transportation, Travel and Relocation Services**
- **Z - Maintenance, Repair or Alteration of Real Property**

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Growth of Services in Air Force

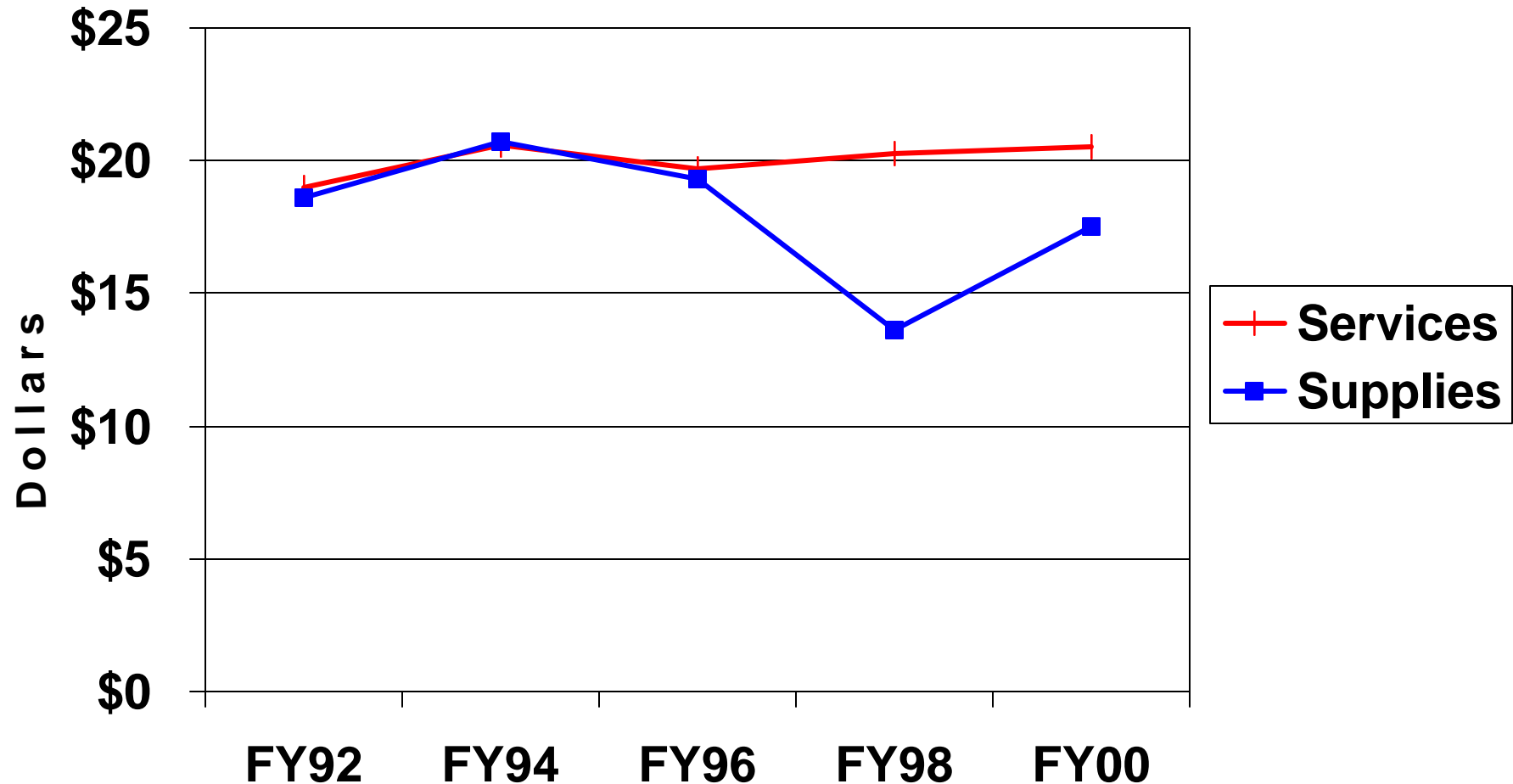


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Air Force Services vs Supplies



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Services Acquisition Philosophy

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- **Requirements described in terms of the outcome(s) or end result(s), not in terms of how to accomplish the work**
 - **Performance determined by measurable standards (thresholds)**
 - **Big shift in focus from “contracting” to “acquisition”-- comprehensive process - functional involvement essential to success**
 - **Encourages the use of commercial best practices and FAR Part 12 procedures - market research is essential**
 - **Partnering--establishing a positive business relationship/alliance with contractors**
 - **Use past performance and best value source selection**
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Benefits of PBSA

- **Cost savings and better performance resulting from increased competition and technological and management innovation**
- **Capitalize on private-sector expertise**
- **Reduced risk--shifts from Government to contractor (“how to” is contractor’s responsibility)**
- **Less surveillance required--quality assurance/performance management focuses on outcomes, not processes - insight versus oversight**

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DoD Initiatives

- **Apr 91, OFPP Policy Letter 91-2 prescribing policies and procedures for use of PBSC methods**
- **Dec 98, FAC 97-10 implement commercial standards versus Gov't specs and eliminates unnecessary requirements of Gov't QA at source**
- **Apr 00, Dr. Gansler, OUSD(AT&L), issued a memo requiring 50% PBSA by 2005 and training to relevant workforce w/i 12 mos.**
- **DoD PBSA Guidebook released Jan 01**
- **Developed Services Acquisition Integrated Process Team - their charter: Develop a program review structure similar to systems for the acquisition of services**

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Air Force Initiatives

- **Apr 99 - issued AFI 63-124, Performance Based Service Contracts (PBSC)**
- **Apr 99 - Held satellite and train-the-trainer training**
- **Jun 99 - AFLMA developed web-based training**
- **Apr 00 - Began QAE/FAE training**
- **Contracted for study to identify best commercial practices and metrics**
- **AFMC conducting Roadshow**
- **AFI 63-124 rewrite in progress**
- **Center of Excellence established**
- **AF Web site provides guidance and tools**
 - **<http://www.safaq.hq.af.mil/contracting/toolkit/part37/>**

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PBSA Statistics

- **FY01 first 3 qtrs - Air Force numbers**
 - **2,112 PBSA Actions (total AF Service Acquisition actions = 9,517)**
 - **\$3B spent on PBSA contract actions (total AF dollars spent on service acquisitions = \$18.9B)**
 - **22% of all AF service contract actions were PBSA**
 - **16% of all AF service acquisition dollars spent on PBSA**



Air Force Contracting Web Page

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- **Services/PBSA website address**
 - **www.safaq.hq.af.mil/contracting/part37/**
- **PBSA policy, templates and training**
- **PBSA links**
 - **AFSVA**
 - **AFMIA**
 - **AFCESA**
 - **USD (AR)**